



DEPARTMENT OF THE ARMY  
WASHINGTON, DC 20310-0200

JUL 11 2005

MEMORANDUM FOR MACOM COMMANDERS

SUBJECT: Transforming the Way We Do Business

1. The Army is in the process of implementing the most dramatic changes to the design of our operating forces in 50 years. We are transforming our force structure to realize the Army Vision: *"Relevant, and Ready Landpower in Service to the Nation."* To this end, we are developing Soldiers, leaders, and modular forces to ensure the Army remains the preeminent land power on earth and the ultimate instrument of national resolve. It is time to extend this same mindset to the Institutional Army in order to ensure its ability to provide the people, training, resources, quality of life, and infrastructure that will be critical to the continued success of America's Army.
2. The institutional activities that generate relevant and ready forces are the "business" end of our Army. In order to provide responsive, innovative, and efficient institutional support, we must dedicate ourselves to "transforming the way we do business." To achieve this goal, improve effectiveness, and identify the efficiencies that will free human and financial resources to better support operational requirements, we can learn much from civilian business practices.
3. The most successful corporations in the world have used proven methodologies to provide better value to their customers by increasing responsiveness and decreasing cycle time in all processes and activities. To meet the challenges posed by an ambiguous, uncertain international security environment, the Army must achieve the same high level of continuous, measurable improvement in its business processes and functions.
4. Examples from industry tell us that we can achieve improved efficiency and, more importantly, that total success will only result from sustained commitment to process improvement over the long term. We must actively lead business transformation, educate the workforce on what is expected, and execute in a structured, disciplined, and methodical fashion.
5. To begin this effort, we will take the following actions:
  - a. To assist us in providing guidance and leadership focus on this effort, this headquarters is establishing the Office of the Executive Director for Institutional Army Transformation. A senior executive will coordinate the Army's business transformation and ensure that our actions in this area remain consistent with the Army's strategic priorities. Each Army Major Command (MACOM) will designate a champion to lead business transformation within their respective organizations. This champion must have the leadership skills and authority to implement the changes determined by your detailed assessments and analyses of various business processes.

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b. The methodologies that will make our business transformation successful are not inherent to our existing Army culture. To address this shortfall, business education will be included in Army executive-level training and integrated across all aspects of our military and civilian professional education systems. As an immediate action, the Navy will provide a limited number of enrollments for Army leaders in its Executive Business Course. The General Officer Management Office and the Senior Executive Service Management Office will manage attendance at this course.

c. As part of your implementation of business transformation, we want you to make an assessment of the baseline for each of your major processes in terms of dollars, manpower, time, and desired process outputs. Next, identify those areas of your command that will most readily accept and benefit from changes driven by business transformation. This assessment will logically lead to a prioritization of processes to be transformed, which will, in turn, support your decisions regarding how to best structure and implement business transformation.

d. There is much to be learned from successful efforts in industry. To share and promote understanding of these lessons, the Army is developing a web portal to provide information on business transformation. This site, available through Army Knowledge Online (AKO), will provide training resources, relevant information, and a current status of the Army's business transformation efforts. This portal is already fully functional and available for your use.

e. Finally, we are personally committed to leading these changes. Business transformation is critical to the Army's continued success. As a part of our visits to MACOMs, headquarters, and other organizations across the Department, we will review assessments and plans for transforming how we do business. We will continue to review progress in meeting business transformation objectives on a regular basis, and will provide additional guidance to establish common expectations and standards for these reviews.

6. The methodologies of successful business corporations provide a proven framework for achieving sustained improvement of processes. The manner in which we adopt this framework - and apply proven principles of managerial excellence - will ultimately decide our success in this endeavor. The Army must make pursuit of continuous, measurable improvement a vital underpinning of the adaptive, learning culture which we are building. We challenge each of you to continue to instill this mindset throughout your organizations. The increased focus on measuring results brought about by your personal leadership will ensure that the Army realizes evolutionary transformation in all its processes, and ultimately benefits from revolutionary outcomes.



Peter J. Schoomaker  
General, United States Army  
Chief of Staff



Francis J. Harvey  
Secretary of the Army